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ABSTRACT

This document contains three papers from a symposium on globalization and human resource development (HRD). "Challenges and Strategies of Developing Human Resources in the Surge of Globalization: A Case of the People's Republic of China" (De Zhang, Baiyin Yang, Yichi Zhang) analyzes the challenges and strategies of HRD in China and discusses the following strategies for HRD development in China: (1) establish adequate HRD policies and improve the current system for realizing their long-term objectives; (2) promote nationwide efforts in lifelong learning and HRD; (3) improve the current educational and social systems and HRD; and (4) build an effective management education and training system. "Succession Management in China and America: A Theoretical Comparison and Implications for Developing Global Human Resources" (Baiyin Yang, Feng Lu) compares succession management in China and the United States and emphasizes the need for more research on the process of knowledge transfer during the succession of senior management. "Islamic Perspectives on Globalization and Implications for HRD" (Musa S. Rabba, Gary N. McLean) examines globalization from the perspective of Islam, with special attention to the Islamic work ethic and the reality of Islam's growth among diverse ethnic populations and its spread to many countries throughout the world. All three papers include substantial bibliographies. (MN)

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Challenges and Strategies of Developing Human Resources in the Surge of Globalization: A Case of the People's Republic of China

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This paper analyzes challenges and strategies of human resource development (HRD) in China. As a developing county, China faces unique challenges at the age of globalization. Many HRD issues and problems come from economic reform, development, and globalization. The paper also identifies several effective HRD strategies that have been or will be implemented.

Keywords: Globalization, Developing Country, P. R. China

After nearly 15 years of negotiations, the People's Republic of China (PRC) became a member of the World Trade Organization (WTO) on December 11, 2001. Most reactions to this news tend to be positive because many believe it is an inevitable event during the age of globalization. The WTO means different things for different people around different sections of the world. China's leaders believe a WTO membership will lead to dramatic improvements in the health of its already growing economy and the standard of living for its people. For many multinational companies, China's formal membership in WTO implies already promising investment opportunities. WTO entry means that Chinese tariffs will be cut on average from 24% to 9% by 2005, while most of the restrictions the state presently places on foreign companies will be lifted. House (2000) comments that whether a company is already in China or a newcomer, any enterprise with multinational aspirations is now looking in that direction.

Unaffected by the global economic slowdown, China is among the fastest growing economies in the world. Since economy reform launched in 1978, China's economy has expanded at the annual growth rate around eight percent, and the country's per capita income doubled every ten years, faster than almost any country in recent history. At the same time, China's economy has been increasingly become an important force of globalization. According to WTO's statistics, China was the seventh leading exporter and the eighth largest importer of merchandise trade in 2000. China has been consistently one of the hottest investment spots in the world with annual foreign direct investment around US$40 billion (Ahlstrom, Bruton, & Chan, 2001).

As China has been successfully transforming its rigid social and economic systems and increasingly involved in the global economy, there tends to be a need to understand how the country has been managing and developing its human resources in the surge of globalization. It is both a theoretical and practical issue to identify challenges and strategies of developing human resources in developed and developing countries as well. Marquardt and Engel (1993) contend that human resource development (HRD) professionals are facing conflicting forces in the age of globalization: global vision and thinking versus local and culturally specific action and productivity. They maintain that HRD has been used as the lever for strategic success in the global economy.

Problem Statement

Globalization is not a new concept. There are increasing discussions about the effects of globalization on various aspects including human resource practice. Majority of the literature tends to examine the impacts of globalization from perspective of developed countries. Little is known or documented about the unique issues and challenges faced by developing countries. Given the current success of China's economic reform and open-door policy, it will be a valuable work to analyze the impacts of globalization with China as a case. Atiyyah (1992) comments that most conceptual and empirical studies in the field of management education and training are conducted in developed countries. HRD methods and techniques were also developed in organization based in these countries. Few studies have been conducted to investigate how these concepts and techniques are applicable to developing countries. Little has been documented about unique issues and challenges faced by developing countries in the age of globalization.

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No systematic effort has been made to identify effective HRD strategies used by China in its modernization process started from its economic reform in early 1980s. The major purpose of this paper is to explore how globalization affects human resource development in China. It also identifies strategies that can be used for a developing country facing huge challenges of globalization in utilizing and developing its human resources.

This study has two implications. First, the modernization experience of China may be beneficial to other developing countries. Though China is the world's most populous country with own characteristics and each country has its unique developmental issues and challenges, most developing countries do share some common issues and similar histories such as Western imperial influences and lack of adequate financial and technological support. For example, one of the consistent human resource issues faced by many developing countries is brain drain (Payenne, 1985). Every year, thousands of well-trained professionals left their home countries in search of a life in developed countries. An investigation of Chinese HRD strategies and particularly its effective measures in attracting oversea professionals might offer practical implications of HRD strategies and policy making for other countries.

The second implication of this study is for HRD scholars and practitioners in developed countries. For scholars, the findings of this study will offer a global perspective, particularly issues and problems unique to developing countries. As an academic discipline, HRD field needs to include a broad range of theoretical perspectives and effective methods to address various issues in the face of globalization. For HRD practitioners who plan to work in the developing countries, it is important to be aware of some practical issues. Furthermore, it is also important for human resource professionals to recognize emerging strategies and policies of the country in which they work.

Research Questions

This study was designed to examine the impacts of globalization on a developing country's HRD practice with R. P. China as an example. The following research questions guided the study:

1. What are major challenges and issues faced by the P. R. China in the surge of globalization?
2. What are practical HRD strategies that have been used in the P. R. China as a developing country?
3. What are some viable HRD strategies that China can adopt in competing in the global economy?
4. What are some of the unique characteristics of HRD that have been demonstrated in a transitional economy from centrally planned to free market system?

Theoretical Framework

Most HRD theories and models are developed at the individual and the organizational levels, few of them were designed at the national level. We found that Baruch's (1995) framework of human resource management relating to the globalization was helpful in guiding our discussion. Baruch (1995) posits that the main aspect in global human resource management (HRM) is the need to move people between countries. Such movements happen in two categories: one is within multinational companies and the other is in migration on global scale. The proposed framework is called push/pull model because there are two kinds of driving forces: (1) one force that pushes human resources from their original countries; and (2) the other force that pulls human resources to the desired destination. This model consists of two groups of variables: three participants and three social factors. The participants in the model are individuals, organizations, and countries. The social factors are the economy, the law/rights and the culture. These social factors and three participants, together with their values, beliefs and needs, are involved in the process of global human resource, affecting and being affected by the participants' decision on global business operation. The outcomes of such decision can be identified at individual, organizational, and country levels. In sum, Baruch's framework is a comprehensive model as it identifies three major participants and social factors that determine the process of global human resources. Although this framework was presented as an HRM, we think that it is suitable for the current study for the following two reasons. First, at present there tends to be no distinction between HRD and HRM in the P. R. China (McLean and McLean, 2001). Second, a theoretical framework with a global perspective of HRD has not yet been developed in the literature.

In order to identify major issues and challenges of globalization for a developing country as well as to outline strategies for growth, we also borrowed theories of developmental economy to guide the analysis. We take an emerging view that HRD is a strategic intervention to provide competitive advantages for organizations, industries, and nation states (Grieves, 2000).

Method

Two research methods were used to identify major challenges of globalization imposed on developing countries in general and China in particular, and to discover viable strategies of developing human resources at the national

level. The first method is the content analysis from the literature. A thorough literature search was conducted via current databases in business and education. The following key words were used either singularly or in combination during the search: "globalization", "human resource development", "developing country", and "P. R. China". Only those titles revealed in the search with relevant contents to the topic were analyzed and categorized.

The second method was a participants-observer approach. Three authors of this paper formed a research panel and shared their personal observations and experiences in developing the current article. The senior author of this paper is a professor of management in a Chinese university and has more than twenty years of experience in research and consulting in China. The second author is a native Chinese and currently teaching HRD in an American university, and frequently travels across the Pacific. The third author is a professor of management in a Chinese university and currently a visiting professor in an American university. All of the three authors are familiar with the HRD literatures in Chinese and English and have first hand experienced the impacts of economic reform and globalization. Three authors used modern technologies such as e-mail, fax, long-distance calls to communicate their ideas and form the current article.

The analysis of the data involved the content summary of literature and three researchers' personal reflection on the literature. All of three researchers participated in discussion and debate to generate emerging themes. Conclusions were drawn and speculations were made from these themes.

Issues and Challenges

The major challenges and opportunities have been emerging since China begun its economic reform in 1978. The economic reform and open-door policy has resulted in tremendous challenges due to three transitions: (1) from a centrally-planned to a market-oriented economy (2) from a rural and agricultural to an urban and industrialized country, and (3) from a closely self-contained society to an active participant in the global economy.

Challenges of Reform: Developing Market-Oriented Human Resources

The first major challenge for China to developing human resources stems from incompatible but co-existing economic systems. The traditional system is a centrally-planned one and established on the concept that the entire economy system is a large enterprise. While the traditional system is gradually vanishing, a free-market economic system has not yet been fully established. Under the traditional economic system, education, employment, property, production, supply of materials and markets were all arranged by government's plan. Enterprises were subordinated to government administration and had little power in allocating resources and conduct long-term plans. There were two major types of employment: one was permanent employment (so-called "iron rice bowl", i.e., secure lifelong employment) and the other was temporary. The overwhelming majority of the labor forces were permanent employees. With the reform of economic system, enterprises are given more autonomy to adjust market changes. Firms have gained the decision power in many human resource activities such as recruiting, training, and firing.

Even though the economic reform has been launched for more twenty years, traditional system has not been totally replaced and perhaps some of the elements will continue to exist. The dual systems have put challenges for Chinese managers. For instance, most new employees are normally hired on contract with newly created social security while the remaining permanent employees are still on the old system with special privilege (Zhu, 1995). A considerable portion of employees in state-owned enterprises (SOEs) has kept the mentality of traditional economy system by relying on the government or state agency assigning their jobs rather than actively participating in the labor market. Many enterprises, particularly those of state owned ones, are struggling in the new market economy and tend to neglect the importance of human resource development. A non-random survey of 100 firms revealed that only 5% of them increased their investment on training and development (Zhang, 1999).

China faces a trade-off between the full employment (the condition that the old system strived for) and the modernization (the system that was newly introduced for) (Warner, 1996). On one hand, modernization implies an increased efficiency and the utilization of fewer employees. On the other hand, China has an increasing workforce pool because of the huge population. It is estimated that China's labor market is going to be added 11 million workforces every year during the next five years (Chen, 2000). Consequently China has to maintain a considerable growth rate in order to create considerable jobs that can absorb new workforces.

Another issue of great concern is the poor performance of the SOEs. A large number of former SEO workers are laid off from their jobs. A considerable number of workers are still employed but have no work to do ("Xia Gang") with only portion of their basic wages. But these people have little experience in a competitive market environment and often exhibit poor work habits. While majority of them have broken their old "iron rice bowls" and still maintain the mentality of "being arranged by the government", an increasing number of them have learned new

skills for employable jobs or begun small business. One of the major challenges is to educate those workforces who have been accustomed to planned economy to be market-oriented. Bruton, Ahlstrom and Chan (2000) investigated human resource related problems for foreign private firms in China and found various issues ranging from selection, training to appraisal and reward. It was found that Chinese workforces are not ready to function in a market environment. Employees are unaccustomed to do beyond the job descriptions and they tend to be averse of risks.

Gu (1997) observed a dilemma for many SOEs. She commented that the following phenomena are unique for SOEs in a transitional environment: those who should be hired cannot get in (because of many restrictions), those who should be retained are leaving (for better places such as foreign firms or joint-ventures), and those who should be fired are staying (on the consideration of social stability or mandated by government). She recommended that SOEs should establish market-oriented compensation system to retain talents. Zhang (1999) points out that current training practice in SOEs do not meet the needs of adapting to the market changes. A National Committee of Economy and Trade survey reveals that 50-60% of loosing-money enterprises can be attributed to the lack of professional managers. What the majority of enterprises need most are those managers who understand the market economy and are capable of leading the firms to compete in the market system.

Challenges of Development: Developing Skillful Human Resources

The second major challenge is to maintain a balance of social stability and adequate economic growth in the most populous country. China has a population of 1.3 billion. There are three major types of workforces in China: (1) 150-160 million employees in city; (2) 450 million workers in the rural area, and (3) about 100 million senior citizens with the age of 60 and above (Chang, 1997). Chang argues that China's population is such a huge workforce that they can be a social burden rather than resource before they can be adequately allocated and utilized. The large population can restrain social and economic development because of limited nature resources. On the other hand, human resources can be converted into tremendous fortunes if they are effectively developed.

China faces an incompatibility between the large quantity and the low quality of human resources. The average years of formal education is eight (8) years, closing to the level of those lowest income countries (Chen, 2000). When the new China was established, 80% of the population were illiterate. Right now, 92% of adults complete the elementary education, 73% the secondary education (nine-year) (Minister of Education, 1999a). However, educational opportunities are very limited due to the huge population and the limited resources. There were about 4% of young Chinese that could get into college or university for higher education during the past few years (Ministry of Education, 1999b). In 1999, college freshman recruitment doubled with 2.8 million students, resulting 49% of admission rate and representing 10.5% of the total population in the age group (Li, 2000).

Since the reform, the government's roles have changed and the labor market has been gradually established. The Labor Bureaus at various levels have changed their role of assigning workers to firms to introducing (or recommending). Different kinds of employment service agencies are introduced. While most people in urban areas can access many employment and skill development services, people in rural areas have few chances to be served. Zhu (1995) points out that the under-served floating population is an important problem. Each year millions of workers are drifting from the countryside to the cities looking for all kinds of job. It has been noticed that unemployment and a floating population might cause problem of social instability. Chang (1997) estimates that there are over 150 million of surplus workers in the countryside.

One major challenge that China faces in developing its human resources is the unbalance between natural resources and human resources across the regions. Ninety percent of the people are living in the east side while 94% of the country's natural resources are located in the west (Chang, 1997). Different regions are in the different developmental stages and there exist a tremendous gap among the regions. While the east part of the country is concentrated on industrial firms with growing high-tech, the west region is relatively less developed.

Challenges of Globalization: Developing Competitive Human Resources

One of the major challenges that many developing countries face is that they have to compete the talent with developed countries. The United States is the country that obtains the most world talent. The employment-based immigrant in the USA ranged from 58,192 to 147,012 between 1990 and 1998, significantly higher than the figures in 80s (US Immigration and Naturalization Service, 2001). In 1998, INS admitted a total of 77,517 employment-based immigrants, and of which developing economies in Asia constituted largest suppliers (India, 8,694; China, 7,598; Korea, 4,030; and Taiwan, 2,366). Since the open-door policy was implemented in 1978, about 300,000 Chinese students went to Western countries for study only about 96,000 of them come back (Ministry of Education, 1999b). There is an increasing number of graduate students who went abroad. In 1998 there were 5.6% of the graduates with master degree or above went abroad, 1999's figure was 7.74, and in 2000 that the figure reached

8.86%. Like many developing countries, China is facing the issue of brain-drain when it integrates with the global economy. Many Chinese students seek permanent residency in their host countries after having finished advanced degrees.

The globalization process has changed the arena for competing global human resources. Many multinational companies begin to establish their research institutes in China in order to utilize local talents (e.g., Intel, Microsoft, Motorola etc.). Chinese enterprises are facing touch competition with those well-established firms from the developed countries. Even many China-based foreign-invested enterprises (FIEs), normally offering much better compensation packages than the SOEs, also face the challenges of loosing their brightest young manager to better avenues such as going to top MBA programs in the US (Melvin, 2000). In Chinese newspapers, it has been reported that the overall turnover rate in Beijing ranges from 12% to 30%. For those multinational companies including IBM, Motorola, the turnover rate is around 20%. An increasing number of high education institutions in the developed countries also take the advantage of globalization in order to take certain share of educational and training market in China (Chen, 2000). Some scholars point out that China will face a "zero distance competition" in the global human resource market after it enters into the WTO (Wu, 2001).

Experienced managers and professionals are in extreme shortage. Ahlstrom, Bruton and Chan (2001) report that foreign firms operating in China are facing a labor market with shortage of skilled individuals and increasing job mobility. Bjorkman and Lu (1999) conducted a study in 65 Chinese-Western joint ventures to investigate how these firms manage local managers and professionals. They conclude that the major challenge comes from the recruitment, development, motivation and retention of competent and high performing Chinese professionals and managers. It is revealed that a variety of western human resources management practices have been implemented in China. However, few Western companies make a total transfer of policies and practices from the foreign company's home country operations to the joint-venture firms.

As China moves to enter WTO, not all of Chinese managers are well prepared to lead their enterprises to enter into the global market (Anonymous, 2001). China has closed its door to the Western world so many years. The globalization brought managers with many issues such different cultures, languages, different social and political systems, and working values. Managers with international experiences and those who can communicate well in the global area are in real shortage. Yan and McLean (1997) noticed that Chinese had little cross-cultural education and tend to judge global issues on their own standards. Before the new China was established in 1949, the country suffered from famines, civil unrest, military defeats, and foreign occupation for almost a century. Most Chinese perceive to have been victimized by Western imperialism. It was until very recent that China launched economic reform and open-door policy, and consequently the country begun to regain its superpower position in the world. Chinese managers and enterprises thus face a tremendous cultural barrier when they integrate the business with global marketplace because of social, cultural and historical factors.

Although Western-style management education has been introduced since early 1980s, there is a shortage of qualified managers. An effort to build up qualified managers was established through formal educational programs for business administration started in 1991. However, the development of management education tends to be slow and cannot meet the needs of growing market demands. Right now, only 56 universities have been authorized to award MBA degree. The whole country has awarded 7,142 MBAs by the summer of 2000, comparing to the figure of over 80,000 annually in the USA (Management in the 21st Century, 2001). Warner (1992) observed that the university management schools lack distinctive approach. Management education in China appears to have a less coherent strategy than that of developed countries. There is a critical shortage of trained managers and management educators in all of the Chinese business schools.

Strategies of Developing Human Resources in Face of Globalization

China has adopted a national strategy to revitalize the country based on science and education. Consensus seems to be established that human resource development is one of the vital factors promoting economic development and societal progress (Chen, 2000). There is a growing consensus among Chinese leaders, scholars and business executives that we are in the stage of globalization and the only competitive advantage that China has is its human resources. China has to be integrated into the global economic activity. If Chinese enterprises fail to integrate an international perspective, their ability to compete successfully in the global marketplace will continue to be encumbered. We have identified the following strategies of developing human resource in the face of globalization that have been implemented or should be used in China.

First of all, the government should spend great efforts in establishing adequate human resource policies and improving the current system in realizing its long-term objectives. When the market is gradually established, the governmental interventions into the enterprises should be kept in minimum. The main role for the governmental

agencies should be leading the economic growth and human resource development. For example, current laws and policies on education and human resources should be enhanced. During the past two year, private funded education is expanding rapidly. It is reported that there are over 45,000 non-governmental schools and 37 are higher education institutions (Chen, 2000). There are serious problems related to these private funded schools such as high tuition fees and low quality of teaching staff. Instead of direct intervention of the private institutions, government should rely more on the leverage of policy to guide the development of education and training market. It was reported that a new law is now under consideration by the legislature with regard to the private funded education institutions.

Other laws are also needed such as the funding for schools ranging from kindergartens to higher education institutions. The current funding sources tend to be ad hoc and rely on the senior leaders' commitment. The current primary minister committed an annual increase of 1% of the total expenditure of the central government on education since he took the position but it is not clear how long this increase will last and what percentage of the GDP on education is adequate. Laws regarding the financial responsibilities by central and local governments need to be established. The proportion of education expenditure out of GDP has been raised from 2.41% in 1995 to 2.79% in 1999 (Chen, 2000), but it is still considerable low comparing to 5% in all lower and middle income countries.

Second, there is a need to promote national wide efforts in lifelong learning and human resource development. Even though the term of human resource has been introduced for several years, a considerable number of enterprises fail to recognize the importance of lifelong learning and HRD. The generally used terms are "personnel management" (Ren Shi Guan Li) or "labor and personnel management" (Lao Dong Ren Shi Guan Li). The terminology of human resource has not been widely accepted and used for many enterprises, particularly those of state-owned ones. Warner (1997) notices that the notion of personnel management implies control and conformity with a stress on the value of work in the Chinese context. The notion of personnel management carries beliefs and philosophies of management in the traditional centrally planned economy. On the other hand, Western notion of human resource management and development tend to be linked to organizational effectiveness. Benham (1999) maintains that the difference between personnel administration and human resource management is more than semantics. The new concept calls for human resource department to be a strategic partner in transforming HR functions from a low-level expense center to a more visible and responsible investment center. He suggests that globalization is the key dimension of this transformation in incorporating the perspectives, customers, work values and laws of other countries into effective HR policies.

Third, efforts need to be made to improve the current education and social systems and to enhance the market of human resources. For example, a social security system has been gradually established and there are many areas need to be improved. Although the enrollment in formal higher education institutions has dramatically increased, educational opportunities are quite limited due to the large population. Government is still the dominant provider for all levels of education. Encouragement should be given to various social and private agencies in setting up different kinds of educational entities. All enterprises should be given certain tax incentives for their investments on training and development. Moreover, vigorous efforts are needed to standardize and legalize the human resource markets, particularly talent market. Those government sponsored educational institutions need to change traditional administration model and actively participate in the market. Competition needs to be introduced in education and training market to raise the quality.

Adequate HRD strategies need to be developed in accordance with other reform efforts and subsystems. For example, the current compensation policy in the SOEs does not match the HRD effort. Many talents quit their positions in the SOEs for more attractive opportunities once they receive some training and skill improvement. Consequently, some enterprises become training centers of other firms, especially their rivals. HRD strategies need to be consistent with other policies in order to develop the best and keep favorable talents.

Government sector must play an example role in developing human resources. In fact, local governments have set a benchmark for the training investment for firms. For instance, Beijing municipal government requires that 3.5% of the payroll should invest in employees' training activities each year.

Fourth, building an effective management education and training system, so it becomes a leading force in developing national human resources. The shortage of qualified and skilled management talent remains a major problem for many developing countries and China is no exception. The current direction and trends of reform and open-door practice make it very reasonable to expect a consistently increasing demand for training managers and formal management education (Warner, 1992). Formal programs such as MBA and EMBA have been developed in a speedy way during recent years to offer management education for upper- and middle-level executives. With the increase of international business, more and more multinational corporations and domestic companies as well are asking their executives to obtain MBAs. This type of formal management education can assist Chinese managers in understanding the global economy, developing new businesses, and preparing for increased competition in the face of globalization. University of Minnesota's Carlson School of Management has recently announced to launch an

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executive MBA in China with Lingnan College of Zhongshan University (Hanson, 2001). It is the first MBA degree program offered by an American institute.

Because management education is relatively a new concept in China and the literature of management and there is also a lack of organizational research in China, management education should include theories and experiences from the developed countries with the consideration of Chinese contexts. Care should be taken in simply borrowing or "Westernization." Bu and Mitchell (1992) presented a heuristic framework to help Western educators and consultants compare and contrast management in China and the West. They called for attention to particular national characteristics of China and substantial adjustment of both the contents and methods of management training used in the West. For example, Western organizational theories tend to neglect the role of the government. Such perspective has limited its relevance in a hierarchical and vertically-structured country. Moreover, Western management theories assign a much lower priority to the welfare of organizational members and society than the Eastern philosophy. The authors also list other factors that need to be taken into account including the impact of the traditional Chinese pedagogy and the different cognitive styles between the West and the East. It is concluded that Western management methods should be presented as no more than one possible approach to problems. Carlson School's approach to localize the MBA program is to have each course delivered in English by one faculty member from the Carlson School and one Chinese faculty member from the partner college.

Conclusions

As a developing country, China faces unique challenges at the age of globalization. We have analyzed issues and problems that result from economic reform, development, and globalization. Unlike those developed countries that have major interest in globalizing their products and services, China has to deal with issues from theses sources simultaneously. Since the reform was launched in 1978, China has made a great effort to integrate its economy with global marketplace. The main challenge is to convert its huge population from a burden with the less educated status to fully developed human resources. The economy success in China during the past twenty years has proved that some strategies and practice are effective and viable for developing countries. As the country being increasingly integrated into global economy, China needs to pay more attention to its human resource strategies. We have identified several areas that are crucial for competing in the global market including: 1) improving human resource policies and structures, 2) promoting lifelong learning amo ng all citizens, 3) developing human resource market, and 4) building effective management education and training system.

Contribution to New Knowledge of HRD

The above analysis about the impacts of globalization on HRD in a developing country provides a unique perspective in the field. McLean and McLean (2001) contend that HRD definition and practice vary across different countries. They conclude that HRD definition is influenced by a country's value system and many other contextual variables. This paper starts to identify some important contextual variables that shape a developing country's HRD strategy and thus will tribute to the HRD knowledge base.

The China is among the most successful countries that have experienced or been experiencing transition from a centrally planned to a free market economy. China has set an excellent example for many developing countries in terms of economic growth. There is certainly a need for analyzing China's experiences, which consequently will to offer invaluable lessons and illuminations for those countries with similar social and cultural contexts. China's strategy of human resources development might be considered for adoption in other countries.

This paper contributes to new knowledge of human resource development by focusing on major challenges and common issues in a developing country. The paper identifies a number of unique issues and approaches that might be valuable for interested scholars to conduct further study. The Chinese approaches to HRD also might be valuable for international firms to adapt their human resource policies and practice in China. Many believe that human resource area is a key contributing factor for the difficulties faced by foreign companies operating in China (Weldon & Vanhonacker, 1999; Wong et al., 1999). This paper suggests that foreign firms that are interested in operating in China need to understand many contextual variables that are unique in a transitional economy. As Bruton et al. (2000) have noticed, "Western human resource management techniques are useful in China, they need considerable adjustment for the local environment" (p. 11). This paper is a first step toward mapping out the major elements of human resource environment in China at a macro-level.

The findings of this study also provide valuable information for human resource professionals working for multinationals companies that have business in China. Many multinational companies have shifted their human resource practice from expatriate-heavy to local experts and talents (McComb, 1999), an increasing challenge comes from the strategies to develop and keep local managers with more socially and culturally relevant programs. Most

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multinationals hire senior managers from the Asian-Pacific regions, usually from Hong Kong, Taiwan, or Singapore, with western managerial experiences as the pioneers in setting up their business in the P. R. China. Gradually, more and more local managers are getting into the mid to high-level positions. McComb (1999) predicts that the entry and middle-management levels of most foreign firms in China will consist entirely of local staff by 2009. There might be one or two Western expatriates working on a short-term base. Nevertheless, pushing too hard on localization sometimes causes problems. Melvin (2000) reports that many joint-ventures fail due to the local control of HR functions. Heenan and Reynolds (1975) analyzed several significant driving forces for localization including integration of key business decisions, intense competition for talent and need for managerial conduit. They observed that one of the key success factors for local human resource office is to maintain regional integrity and balance. Consequently, information about local issues and policies will provide foreign HR professionals better understandings about the host country. By outlining the uniqueness of HR characteristics in China, this paper suggests that future studies are needed to investigate effective techniques for maintain regional integrity and balance between foreign firms and local culture.

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Succession Management in China and America: A Theoretical Comparison and Implications for Developing Global Human Resources

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This paper compares and contrasts succession management in China and America in the context of globalization. It is found that Chinese enterprises have different approaches to succession from the American counterparts. The paper then traces social and cultural influences on the succession management. It is concluded that even though succession management is a crucial HRD function, the process of knowledge transfer during the succession of senior management has been neglected in the literature. The paper also offers several propositions for future empirically-based study.

Keywords: Global Human Resources, Succession Management, P. R. China

Succession management, or sometimes is called succession planning, is one of the major functions of human resource planning. It is also considered as one of the important career development practices in human resource development (DeSimone & Harris, 1998). Succession management is a major activity for management development. DeSimone and Harris contend that the succession planning is usually done for senior management positions. Senior managers are required to identify employees who should be developed to replace them in this process.

Liebman, Bruer and Maki (1996) differentiate the concept of succession management from succession planning. They maintain that succession management is a way to move succession planning to better serve organizations in a rapidly changing environment. Proper succession management should include the identification of the goal of the process and the creation of a cadre of candidates who have the competencies needed to work in a senior management team. It is posited that senior management needs more than simply-to-identify individuals to replace them. More important part of the succession management is the development side. Senior management needs to identify developmental opportunities, to create challenging assignments that are central to business, to build a team/network orientation, and to mentor and serve as a role model for those who are being developed.

Problem Statement

Given the increasingly impacts of globalization on human resource activities, a better understanding of succession management in different countries would be helpful. Bartlett and Ghoshal (1998) observe that the success of globalization depends much on the capacity of local human resources to respond to individual national markets. Based on a survey research conducted for nine multinational companies, they concluded that human capital investment is the key to success. The headquarters-based management of the multinational companies could provide only basic technology and management systems. Investment and working capital can be procured either at home or abroad, but a large number of employees and managers have to be recruited, trained, developed and motivated in each of subsidiary nations t o meet national market requirements. The benefits of building a business in the Chinese market are enormous. Over the past few years, a number of multinationals have made investments in the hundreds of millions of dollars in China. There are many success stories of investing the world's most populous country. For example, a recent issue of *Far Eastern Economic Review* reported that America-based photo specialist Eastman Kodak held 63% of China's roll-film market, up from single digits a decade ago (Gilley, 2001). It is, thus, not a surprise to see the movement of "localization" in many multinational companies (McComb, 1999). Most multinationals hired Hong Kong or Taiwan-born Chinese with western managerial experiences as the pioneers in setting up their business in the mainland China. Gradually, more and more local managers are getting into the mid to high-level positions. One major reason for the localization comes from the assumption that local managers should have better understanding about culture and other context related aspects. Studies have shown that higher rates of localization lead to higher profits (McComb, 1999). Another reason is the regulatory environment. As multinational

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companies have introduced new products to China, officials' expectations concerning product quality have been raised. Having people based in China makes it easier to demonstrate to the local officials that the company's products meet specifications and standards (Walfish, 2001).

While many multinational companies have shifted their human resource practice from expatriate-heavy to local experts and talents, an increasing challenge comes from the strategies to develop and keep local managers with more socially and culturally relevant programs. Literature in global human resource development seems to lack of discussion on succession management in the context of cross-country business. Slemer (1995) argues that organizations have not traditionally paid much attention to international staffing issues in general and expatriate executive succession in particular. There has been little academic research on expatriate top management succession in foreign operations. Little is known about the uniqueness of traditional Chinese way of succession management. It is one of the theoretical interests for the HRD field to examine the social and cultural differences in succession management between Western and Eastern countries. Purpose of this paper is to compare and contrast succession management theory and practice in China and America. The paper also seeks to draw implications for human resource development by revealing social and cultural influences on succession management.

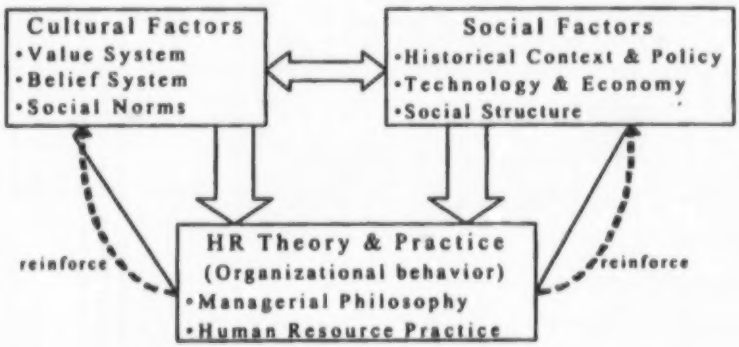
The following research questions were imposed to guide the current study:

1. What are the major characteristics of succession management in America and China respectively?
2. Are theories and practices of succession management in China different from that in the United States?
4. What are the social and cultural factors that influence succession management in different cultural contexts?
5. What are the roles of human resource development in succession management?

Theoretical Framework

The theoretical framework that guided this study was based on a model of cross-cultural study of organization as presented in Figure 1 (Yang & Zhang, 2001). This framework posits that human resource theory and practice is part of organization theory and practice. It suggests that cultural and social variables are in the dynamic relationship and they have direct impacts on human resource theory and practice. On one hand, HR theory and practice is part of broadly defined organizational behavior. Cultural orientations and social variables determine organizational behaviors in general and human resource practice in particular. On the other hand, organizational behavior has a reinforcement function that perpetuates its contexts such as cultural and social structures.

Figure 1. A Theoretical Framework of Cross-Cultural Study of Organizational Behavior



The above theoretical framework has been used to compare Western and Chinese human resource theory and practice (Yang & Zhang, 2001). It was argued that organizational behaviors are largely determined by social and cultural factors.

Method

The method used in this study was a conceptual analysis based on a review of related cross-cultural research and human resource literature both in English and Chinese.

It is the purpose of this paper to compare succession management theory and practice in American and Chinese

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contexts. Through the means of literature review, analysis and synthesis of related succession theories and concepts are presented in four parts. The first part discusses succession theory and practice in the United States. The second part highlights characteristics of succession management in China. The third part presents major differences in succession management between the two countries and identifies social and cultural influences. Finally, the fourth part offers some conclusions and possible implications of the insights gained from this paper for HRD research and practice.

Findings

Succession Management in the United States

Literature on succession management in the USA tends to center around several issues. First, there is a frequent debate about the preferable source of top management successions (external vs. internal). Proponents of internal successions emphasize the importance of continuity (Carlson, 1961; Chung, Lubatkin, Rogers, & Owers, 1987). It is assumed that insiders' greater knowledge of the firm and their established network will facilitate a smooth transition and stability. It is also believed that internal successions promote loyalty. Low to mid level managers tend to be loyal and commit to the company because of the opportunities of upward mobility. External successions have been prescribed as a remedy for firm difficulties (Helmich & Brown, 1972; Datta & Guthrie, 1994). Studies suggest that organizations that are performing poorly or wish to change strategic direction are more likely to select executive successors from outside the organization (Guthrie & Datta, 1992; Helmich & Brown, 1972; Schwartz & Menon, 1985; Virany & Tushman, 1986).

Ocasio (1999) analyzed the competing risks of insider versus outsider CEO succession in U.S. industrial corporations and suggested that boards rely on both past precedents and formal internal labor markets for executive succession and the selection of insiders versus outsiders as CEOs. Lauterbach, Vu and Weisberg (1999) examined 165 top management successions in the US firms and revealed that external successions are more likely in small firms, in poorly performed firms, and in firms that offer several top positions.

The second heavily studied area is the relation between succession and firm's financial performance. LaSalle, Jones and Jain (1993) demonstrate that executive succession is related to both firm success and the likelihood of accounting changes. Mahajan and Lummer (1993) examine the impact of various types of changes in senior corporate management on shareholder value. Evidence has been revealed that instability resulting from executive succession adversely affects organizational performance. The market has demonstrated a clear preference for a change in composition of the previous management team over its further entrenchment. Studies have shown that external succession tends to have positive and significant effects on investors' expectations (Lubatkin, Chung, Rogers, & Owers, 1989).

The third area of research interest in the literature of succession management is the successor's specialization and experience. Because inertial pressures make it difficult for organizations to adapt their strategies and structures in response to environmental changes, organizations may attempt to overcome these inertial tendencies is by selecting executive successors with different career specializations than their predecessors. White, Smith and Barnett (1997) argue that different specialization may enable the executive successors to better cope with changing environmental contingencies. A study conducted by these researchers suggests that organizations often chose successors with different career specializations than their predecessors, and that previous corporate strategy was a relatively poor predictor of successors' specializations.

The fourth research area tends to focus on the outcomes of senior management succession. Denis, Langley and Pineault (2000) propose a framework of succession outcome for senior management based on socialization and role theory. They argue that the integration of new leader and the organization may lead to four possible types of integration outcomes: assimilation, transformation, accommodation and parallelism. Studies have been conducted to examine the effects of succession on a wide range of outcomes, including growth (Helmich, 1974), financial performance (Beatty & Zajac, 1987; Lauterbach et al., 1999; Reinganum, 1985; Virany, Tushman & Romanelli, 1992), organizational mortality (Carroll, 1984; Haveman, 1993; Singh, House & Tucker, 1986), structural changes and strategy-making (Miller, 1993).

The fifth approach to the studies on succession management is to examine the social and political contexts that affect the succession process. Drazin and Rao (1999) investigated factors that influence the succession among strategic business units (SBU) managers of open-ended mutual funds. The results showed that the main effects of tenure, portion of revenues controlled, managerial exits and entries, and leverage on succession. Mediating effects were found for tenure, portion of revenues controlled, market share, leverage, and managerial exits, but not for managerial entries. Kakabadse and Kakabadse (2001) identified five critical considerations for executive succession:

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the need to respect context, effectively managing the dynamics of top teams, being realistic about the transition experience, and hiring search consultants who challenge and establishing a cadre platform.

Succession Management in China

Succession management has become a major issue that many Chinese enterprises have to face nowadays (Chen, 2000). There are two major types of enterprises: state-owned enterprises and private-owned enterprises. For the state-owned enterprises, succession management is conducted by responsible government agencies and party office. For the private-owned enterprises, succession management tends to be ad hoc. After 20 years' opening and reform, the elites of first generation in many of Chinese enterprises basically fulfilled the his torical task either based on their age or on their talents. Facing an increasingly competitive world, they must seek out the successors who can carry on and run the painstakingly built-up business of them successfully. It is an extremely urgent yet difficult issue with distinctive Chinese feature.

Even though there is an increasing demand for theory to guide managerial practice, study of organizational behavior and leadership is in its infant stage in China (Lu, 1999). In comparison with the Western leadership theory, China's leadership theory differs greatly from the form to the content, especially in its nature (Peng, 1987; Wang, 1992). Studies on succession management are also in the initial stage. One of the main reasons for the stagnation of China's enterprise leadership theory is that in Chinese traditional ideology, the word "leader" has something more to do with politics. The following analysis attempts to identify research interests and major issues of succession management in the Chinese enterprises.

The first research field is related to the government's role-playing. The selections for the leaders of large and medium state-owned enterprises are normally carried out by the local government (Chen, 2000), normally without a professional organization to arrange for the selection of the successors. For example, in 1996, Shanghai government began to administrate enterprise leaders based on different industrial categories and different firm scales, to lay down job specifications for the management to compete the post, to invent diversified ways for running the post, and to build up management talents market. The government agencies are also responsible for the arrangements of the training and evaluation of the management. Candidates for senior management are normally sent to party school ("Dang Xiao" in Chinese) to get adequate training. The leaders of the state-owned enterprises are said to be another kind of administrative officials rather than entrepreneurs (Qin, 2001).

In addition, government behavior usually carries the will of the high-level officials and the top officials normally make the final decision for succession selection. Subjectivity does no good for the handing over of the enterprises (Chinese Industry and Commercial Times, 2001). The former CEO of Sichuan Changhong Electronic Company, the largest TV manufacturer in China, Ni Runfeng, has been transferred to another job because of his incapability to accomplish the task. His successor, the new CEO, is forced to leave the office after taking up the post for less than eight months. Because all of the decision-making are done by the government, the profit of the company has been negatively influenced. In such situation, political influence and consideration of social harmony have been over weighed the organizational financial performance.

There are several issues related the current succession management practice. One of the key problems in China's succession management lies in the lack of system and policy guarantee. Therefore, in the succession management of senior management, how to precisely position the function of the government has become a very important research topic.

The second issue extended from the first one is what the criteria for selecting a CEO and other senior managers are. In the state-owned enterprises, the government does the job of selecting. Therefore, "from the viewpoint of China and the Party's long-term interests, the successful selection of the successors turns to be the major as well as the most difficult and urgent issue in the organization work" (Chen , 2000). The traditional selection criterion is a combination of virtue and competency while the former one is always given heavier weights. After the economic reform was launched, Deng Xiaoping outlined four major criterion for the selection and promotion of senior managers: "revolutionary, young, knowledgeable and professional." Among the above criterion, "revolutionary" holds in the first priority because "state-owned enterprise leaders are like the bridge and bond between the Party and government and the enterprise staff, linking them together like the middle part of a chain." (Economy Daily, 2000). The "professional" is the last to be considered, which is commonly known as "having both ability and political integrity". In the determination of the successor, the "political integrity" is normally put into the first place.

The third issue is about the source of the successors. The leaders in the state-owned enterprises are normally selected by the local government, which is basically endowed with strong regional feature. They are either selected from within the management team of the enterprises or from the local area. The best candidate or most qualified manager might be excluded for the consideration. Therefore, the government is like a large company while the

enterprises seem to be the departments of the company without adequate communication because of the lack of market for senior managers. Li (2001) points out that "the concept of the family has been and still is the behavior core of Chinese people handed down from the profound and richest culture soil . . . Familism or Pan-familism tendency is extremely similar in China's all sorts of organizations and units and exists extensively". The influence from culture has greatly determined the selection of the succession management. The selection of the successors from the inside of the enterprises has become the main source, but such practice has been questioned by some enterprises due to the lack of innovation (Yang, 2000). Therefore, the merits and shortcomings of selecting the successors from the inside or from the outside of the enterprises have not been fully examined in the Chinese enterprises. Little is clear about the determining elements that influence the succession.

The fourth issue is the particular phenomenon of "59-years phenomena" in Chinese enterprises. It means that in the year before retirement (Chinese enterprise leaders are mandated to retire at the age of 60), an increasing number of CEOs take advantage of their power to seek personal benefits. "Some managers can not gain the reward by what they contribute while in the post and they own almost nothing after their retirement"(Qu & Zhao, 2000). Therefore, the big gap in their income before and after the retirement pushes lots of people into the road of committing crime. Studies are needed to identify effective factors that establish adequate management incentive system to guarantee the successful handing over of the power.

Social and Cultural Influences on Succession Management

The above brief synthesis of the literature suggests considerable variations of succession management theories and practices between America and China. Such variations seem to be resulted from social and cultural differences. In the following section we will identify the social and cultural factors that determine the succession process in American and Chinese contexts. We will also summarize the findings by proposing a set of propositions for the future study.

First of all, in selecting candidates for senior management American enterprises tend to place heavy emphasis on previous performance and personal competence while their Chinese counterparts tend to emphasize virtue and faithfulness. The cultural influence on succession management is evident through the above analysis. Chinese traditional method of managerial selection has placed emphasis on virtue and morality ("De") above adequate competency ("Neng") and excellent performance ("Ji") (Warner, 1996; Yang & Zhang, 2001). Consequently, we suggest the following two propositions:

Proposition one: Candidates' virtue and faithfulness receive higher weights than technical competency and previous performance in the process of senior management succession in Chinese enterprises.

Proposition two: Candidates' technical competency and previous performance are placed with higher weights than virtue and faithfulness in the process of senior management succession in American enterprises.

Secondly, the social influences on the senior management succession are evident. In America, free-market oriented enterprise system has been established for hundreds of years. Accordingly, there are a body of literature on succession management and an increase in the bumber of empirical studies on this topic. Government plays minimum roles in economy and daily business of the enterprises. American enterprises enjoy considerably greater flexibility than their counterparts in China in decisions to expand capital plant, to lay off surplus workers, and to develop new products. Americans enjoy making their own personal decisions with minimum interference from the society and government. On the other hand, Chinese enterprises receive much greater influences from government and local politics. Such influences are placed not only for the state-owned enterprises but also for the private-owned enterprises. Consequently, we propose the third and fourth propositions:

Proposition three: Chinese enterprises receive greater influences on their senior management succession from government agencies and local politics than their American counterparts.

Proposition four: In the Chinese enterprises, successors with greater social and political connections and those with experiences in higher level of government agencies or broader social connections are more likely to perform better than those who are from inside and those who have fewer connections.

Thirdly, human resource development has played different roles on succession management between American and Chinese enterprises. Formal management development experiences and specialty in the enterprise's business have been considered as major factors in succession process in the American enterprises. On the other hand, management development is relatively a new concept in China. Traditionally, Chinese government mandates candidates for senior management to be educated in party school and to learn Marxist and Maoist principles (and some of such management education methods are still practicing). Management skills are supposed to gain through various ways of individual comprehension such on-the-job training, hands-on experience, and executive assistant experience. During the past several years, however, formal management development has gained increasing attention in China. Senior managers in large enterprises are more likely to access newly developed management education.

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Proposition five: Small and private enterprises in China are more likely to have internal successors, particular from who have strong family and social connections, than larger enterprises and SOEs.

Proposition six: Large enterprises in China are more likely to have external successors, particularly those who have formal management education, than the smaller enterprises. And the external successors in the large Chinese enterprises are more likely to initiate changes in organizational structure and business strategy.

Conclusions and Implications

This paper compares the characteristics of succession management of America and China. The content analysis of the relevant literature revealed that there is a substantial body of literature on the topic of succession management. A number of empirical studies have been conducted to examine factors that are related to the succession process. On the other hand, Chinese literature on succession tends to concern about the lack of systematic study on succession management.

The content analysis suggests that Chinese enterprises tend to have different approaches to succession from their American counterparts. Factors of candidate's virtue, morality, social and political connections tend to be the major determinants for successors in Chinese enterprises. American enterprises tend to place higher weights on previous performance, specialty and strategic growth in selecting the candidates. There is no mentioning at all about candidates' virtue or morality in English literature. Such difference can be traced to different cultural backgrounds. Research interests on the succession management between America and China are also different. In a well-developed free-market, financial performance (pre- and post-succession) appears to be the major interest for American enterprises and scholars. Chinese enterprises and scholars, however, are interested in how to establish valid succession management system. Because of the social and economic transformation, the succession management in Chinese enterprises tends to be ad hoc. Government agencies begin to lose their control power but are still able to maintain a considerable control.

There is little explicit discussion on the role of human resource development for succession management in the literature. Chinese enterprises tend to emphasize on the value of individual virtue and faithfulness and thus has established the party school system to educate senior executives. American enterprises value formal management development activities and individual specialty. Studies are needed to identify the impacts of management development on the succession process. Management development or related senior executive development programs are one of the major HRD activities. Surprisingly, no empirical study that examines the relationship between management development and senior management succession has been found. HRD professionals, particularly those who work in management development, certainly need to understand whether their programs have impacts on senior management succession. Or put in a simply research question: does greater learning in management development activity lead to better post-succession performance?

Succession is a process of transferring knowledge between two senior executives within the corporate world. Little is known on how adequate knowledge is transferred during this process. There is a need to investigate the knowledge transfer process during the succession. HRD professionals need to understand how their programs can facilitate succession management.

This paper contributes to the literature of human resource development by identifying characteristics and issues of succession management in America and China. First, this paper has a number of theoretical implications offering several propositions for future research. Furthermore, cross-cultural comparisons are value-added activities in the age of globalization. HRD scholars need to better understand the impacts of national culture and contexts on organizational behavior. Even though the process of globalization is speeding up in an unprecedented way, our cross-cultural understanding is limited. The recently terrorist attacks on the World Trade Center in New York city and the Pentagon demonstrate a tragedy partially attributed to misunderstanding. This paper also has implications for HRD practice by offering different perspectives and revealing different practice of senior management succession. As more and more multinational companies are entering into Chinese market and localizing their management, HRD professionals working for these firms need to better understand contextual variables. It is also more important to understand the historical contexts of the human resource practice in China and its dynamic development because the country is moving from a centrally-planned economy to a free-market system. For Chinese HRD scholars and practitioners, this paper offers an update on the research topics and common practice in the succession management and thus they can borrow some of those proved to be valid and effective practices.

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Islamic Perspectives on Globalization and Implications for HRD

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Globalization has been generally controversial. This paper explains globalization from the perspective of Islam, which was intended to be a global religion. Some Moslem scholars are generally supportive of the process, while some authors are generally negative. Based on the Islamic work ethic and the reality of Islam's growth among diverse ethnic populations and into many countries of the world, the role of HRD is explored, recognizing that the movement toward globalization is inevitable.

Keywords: Globalization, Islam, Theory

The protests in Seattle (Protesters launch..., 1999) and Friedman's (2000) best-seller, *The Lexus and the Olive Tree*, popularized the debate about globalization. McLean (2001) recently argued, from a human resource development (HRD) perspective, that the movement to globalism is inevitable. Many people, however, including Moslems, are suspicious about this phenomenon and view it as a threat to their beliefs, traditions, culture, and even identity. Given the size of the Moslem religion and its rapid growth (Major religions..., 2001), it is important for the field of HRD to understand globalization from Moslem perspectives.

Statement of the Problem

In this paper we explore the meaning of globalization, with a particular emphasis on the global nature of Islam, emphasizing both historic and present-day perspectives. This includes a discussion of how Moslems view globalization and why some of them oppose it. Then, Islamic work-related values and ethics are discussed and implications for HRD, including OD, are presented. Given that much of HRD is offered within organizations that are moving toward globalization, such a question is critical for the field of HRD in understanding the context in which it operates.

What is Globalization?

While globalization emerged as a popular concept in the late 1980s, Friedman (2000) argued that it is a much older issue, perhaps as old as the invention of the wheel or sailboat that enabled movement across borders to do business, to conquer others, or to spread ethics and religion. Thus, Alexander the Great, the Romans, Moslems, and many others at some point all established some form of globalization.

According to Friedman (2000), the invention of the steamship, telephone and telegraph, and the completion of railroad lines across countries in the mid-1800s to the late 1920s, caused the world to shrink from large to medium, while recent technologies, such as satellites, microchips, fiber optics, and the internet, have caused the world to shrink from medium to small. Schuh (1999) claimed that "globalization is rooted in three significant technological revolutions: ...transportation...communication...and...information technology" (p. 5).

Globalization seems to be a recent term. The etymology of the word shows that the earliest recorded use of the word, "globalize," meaning "to make global" or "to make worldwide in scope or application," was in 1944 (Mish, 1991, p. 521), probably during the International Trade Organization set up. While normally associated with doing business, it has to do with economic, political, cultural, educational, social, and behavioral aspects of human life. In its broader sense, it refers to the expansion of global linkages, the organization of social life on a global scale, and the growth of a global consciousness, perhaps, ultimately, to the consolidation of world society.

The following definitions represent current influential views and demonstrate how controversial the issue is.

1. "[T]he inexorable integration of markets, nation-states, and technologies to a degree never witnessed before--in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before . . . the spread of free-market capitalism to virtually every country in the world" (Friedman, 2000, pp. 7-8).

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2. "A social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding" (Waters, 1995, p. 3).

3. "The historical transformation constituted by the sum of particular forms and instances of . . . .[m]aking or being made global (i) by the active dissemination of practices, values, technology and other human products throughout the globe (ii) when global practices and so on exercise an increasing influence over people's lives (iii) when the globe serves as a focus for, or a premise in shaping, human activities" (Albrow, 1996, p. 88).

4. "Globalization of the economy is a new kind of corporate colonialism visited upon poor countries and the poor in rich countries" (Shiva, 2000).

While the economy is the dominant issue, there are other factors that make the impact of globalization much broader politically, socially, and culturally. Ideas, customs, and cultural movements all follow closely after the exchange of goods across boundaries. International trade has been the vehicle by which many religions, for example, have spread, including Islam and Buddhism to East and Southeast Asia along the Silk Road (Gonzales, undated).

Some Arab/Islamic writers, such as Amahzoon (2000), Odeh (2000), and Balqazeez (1998), have argued that this process might be termed "Americanization" or "McDonaldization." Others, like Amin (1999), Aruri (1999), and Hanafi (1998), have considered globalization to be an ongoing effort of the U.S. to dominate the world and achieve a global hegemony, organizing the world's economic, political, and military dimensions and promoting capitalism as the sole economic system.

Islam: A Global Religion

Islam is one of the monotheistic faiths, along with Judaism and Christianity. Although usually associated with the Arabs of the Middle East, only about 20% of Moslems are in fact Arabs (The World Factbook, 2001). According to Adherents.com (2001), Islam is the world's second largest religion, with nearly 1/5th of the world's population (1.3 billion) Moslem.

Islam from its beginning was considered a universal religion, valid for all times and all places. Even before his conquest of Makkah (Mecca), Muhammad approached all of the potentates in Arabia, inviting them to adopt Islam. The early Moslems branched out like a bush fire. Upon Muhammad's death, his successors enthusiastically started a continuous process of globalizing the world, spreading the new faith among people of various ethnic backgrounds. In the early days of Islam, merchandise and interaction with Moslem traders was the main factor for the spread of the new theology.

Although revealed in Arabic, the Quran explicitly portrays the global nature of Islam since it is addressed to all human beings regardless of their color, race, language, ethnic background, or culture. The following verses from the *Holy Quran* clearly support this argument:

1. "We sent thee not, but as a Mercy for all creatures" (The Prophets: 21:107).
2. "Verily this is no less than a Message to (all) the Worlds" (The Overthrowing: 81:27).
3. "We have not sent thee but as a universal (Messenger) to men, giving them glad tidings, and warning them (against sin), but most men understand not" (Saba: 34:28).

The sayings of the Prophet Mohammad (Hadeeth) support his international message: "Every Prophet used to be sent to his nation only, but I have been sent to all mankind" (Saheeh Al Bukhari: *Volume 1, Book 7, Number 331).*

The weakness of the once great Moslem state encouraged other nations to invade, leading, for example, to the Crusades in 1095 and subsequently during the next few centuries. Further reductions in Moslem influence occurred with the 1258 invasion of Baghdad by the Mongols. The Turks, who had already adopted Islam, established the Ottoman Empire. It reached its peak in size and splendor under the sultan, Suleiman the Magnificent, who ruled vast areas in Asia, Africa, and Europe from 1520 to 1566. However, encouraged by the weakness of the Ottoman Empire, Europeans started the preliminary development of globalization by colonizing most of the Islamic world during the 19th century. Thus, it was Christianity's turn for global dominance. England controlled world trade, and English colonies were found all over the world. Many Arabs and Moslems underwent a westernization process that transformed their individual behaviors, arts, curricula, media, economy, law, clothing, food, and habits.

Arab/Islamic countries have followed two different paths: some countries, such as Egypt, Syria, and Iraq, chose to embrace protective economic practices, while others, including the rich oil countries, Jordan, and Lebanon, opted to be involved more widely in the western business world. However, during the three decades that followed, globalization has flooded almost all Arab/Islamic nations. Many Arab states, including Egypt, Bahrain, Kuwait, Mauritania, Morocco, Qatar, Tunisia, the United Arab Emirates, and Jordan, have signed the GATT agreement. The world's political leadership and transnational corporations celebrated the recent passage of the Uruguay Round of GATT (General Agreement on Tariffs and Trade), with its associated WTO (World Trade Organization). "The new rising tide will lift all boats" has become the dominant economic-political homily of our time (Mander, 1996).

Globalization in the Eyes of Moslems

Most published Moslem scholars identified who have addressed globalization lean towards opposition. Yet, Moslems in general can be categorized into opponents, supporters, and those with a neutral position.

Opposition

Those who oppose globalization, usually conservatives, consider it to be a western invasion via trade, media, and the internet. Supporters are concerned with the exploitation of workers, environmental impact, and disturbance of income distribution. They are concerned about the future of Third World countries. They believe that such countries will become exporters of cheap goods to satisfy the needs of western markets but will have to import their food from the west in return. They believe that globalization penetrates all cultural, political, religious, traditional, and economic structures, with the aim of removing barriers to the free flow of uncensored information.

Amahzoon (2000) argued that globalization is a continuation of the wars initiated by Alexander the Great and resumed by the Crusaders–a war in which bombs, guns, and airplanes are replaced by words, terms, and web pages. This war is launched softly while pretending to spread glittering issues, such as democracy and human rights.

Opponents of globalization have called for preventive measures against satellite TV and the internet, both of which are considered plagues, but how can this be controlled today? There have been calls to boycott U.S. products and encourage the purchase of local products, especially food and clothes; and to remove satellite dishes from the roofs, but the response has been limited. Will people turn their backs on current trends and live in isolation? Nothing can stop globalization as it can enter any house anywhere with the permission only of the occupants.

The real question is whether all our boats are floating? Do benefits go to a minority of people while the rest of humanity is left landless and homeless? Are the only boats that will be lifted those of owners and managers? "This tide shall raise the yachts of the rich and may swallow the boats of the poor" (Mander, 1996). Even in the United States, the gap between the poor and the rich continues to widen (Madsen, 1998).

Among many arguments about the misuse of economic theory to support globalization, Alloush (2000) argued that a true laissez-faire approach

> necessitates that labor be also allowed to sell its services anywhere in the world. This means that if TNC's should be allowed to invest and sell freely in the Third World, workers and professionals from the Third World should be allowed to freely travel to work in North America, Europe, and Japan. In fact, while capital has become increasingly mobile, and while goods, services, and information are exchanged across international borders at higher rates than ever, restrictions on the migration of labor have increased.

There are many Moslems who believe that, by embracing Islam as a way of life, wealth will be guaranteed by the Creator who said, "If the people of the towns had but believed and feared Allah, We should indeed have opened out to them (All kinds of) blessings from heaven and earth....".(*The Holy Quran*.7:96). This is historically true because, about fifty years after the death of Prophet Muhammad, it was difficult to find a needy person to collect the Zakat (the alms), one of the five pillars of Islam. The contributions are taken in spiritual fulfillment for purification purposes. In Islam, the rich can become richer and that will be hailed and blessed by the poor who know that they are going to get their share and thus hide no envy or bad feelings. The concern, today, though, is whether those who profit from globalization will be willing to share their Zakat with the poor.

Today, many Moslems, as well as the majority of the world, watch American movies, listen to American music, speak with an American accent, dance to American tunes, wear American jeans, drink American soft drinks, and eat American junk food, after having learned to distinguish, through the globalizing media, the trademarks of American brand names. This has created tension within traditional Moslem societies, such as allowing youth access to vastly different world views. Fascinated by the shiny new trends, young people started to turn their back on their cultural and ethical heritage. The spread of fast food restaurants is a real concern in the Islamic world. Odeh (2000) drew attention to the social and cultural damage that follows the spread of hamburgers and special delivery service. Ismail, Rateeb, and Ismail (2000) warned that many young Saudis queuing for hamburgers, fried chicken, ice cream, and doughnuts at fast food restaurants know nothing about the many once famous Saudi traditional dishes.

Supporters

Those who fully support globalization are usually those who financially benefit from the use of the new technology, freedom, transportation, and means of communication to find cheaper products or new markets. Courses on how to handle e-commerce have become available in many parts of the Islamic/Arab world. Many large companies may soon have no place in the emerging global arena. Unless they go global themselves, they will vanish

in this highly competitive world, taking with them not only the investments and profits, but also the employment opportunities for their workers. Thus, many argue that globalization is good for businesses, employees, and the countries in which they operate. They think that their companies should decide to go global for reasons similar to those suggested by McLean (2001): new markets, economies of scale, production efficiency, access to the world talent pool, technologies, and competitive resources, among others. Supporters also include liberal/non-conservative advocates who encourage secularism and advocate whatever is new in life, and who are inclined to oppose their traditions, thinking that these traditions are the reason for the lack of modernization in their societies.

Neutral

The third group takes a neutral stand. It views globalization as a double-edged sword, whose onward march can never be stopped. As in the case with the internet and satellite dishes, one has to be eclectic and choose what suits his or her objectives and needs. Islam encourages scientific research and inventions that benefit humanity as the first verse that was ever revealed said in a direct order: "Proclaim! (or read!) in the name of thy Lord and Cherisher, Who created" (*The Holy Quran* 96:1). Sheikhs (theology scholars) cannot forbid the use of the internet, videos, or TVs because they can be either used or misused, and it is up to individuals to decide how to use them.

Although he has dedicated much of his book to discussing the dangers and vices of globalization, Bakkar (2000) did argue that globalization provides great opportunities for measuring Islamic nations' achievements against those of others, allows benefits from others' achievements, helps in identifying what can be improved in the Islamic culture, and provides an excellent tool for the propagation efforts and spread of Islam. Agreeing that globalization is a sweeping process whose forward march can never be stopped, he stated that only when God permits a catastrophic accident to the whole universe, such as an atomic war or a severe climate change, will globalization be stopped. As with others in the Arab/Islamic World, he called for common grounds among Moslems so as to face the negative effects of globalization by enhancing deep faith in Allah and the hereafter, consultation with Islamic rulings in every aspect of life, and by reviving basic Islamic values, such as generosity, openhandedness, sacrifice, asceticism in this world and willingness for the hereafter, care of relatives on the maternal side, respect for human rights, cooperation, enjoining Al-Ma'ruf (i.e., Islamic monotheism and all that Islam orders one to do), forbidding Al-Munkar (polytheism and disbelief in all that Islam has forbidden), justice, consultancy, indulgence, and kindness to the needy. A similar approach is held by Al-Osaimi (2001) who ends his article, dedicated to discussing the drawbacks of the WTO, by stating that no one can deny the merits of joining the WTO, such as lowering living costs due to decreases in customs duties, easier passage of exports from the developing countries to the advanced ones, and less burden for merchants due to unification of trading procedures, and surprisingly concluded by calling for hasty joining of the WTO as that will indirectly unify all Moslem countries.

HRD in the Islamic World

Faced by a globally changing world, leaders and scholars have begun to realize the importance of human capital or resources and are giving them more value than natural resources. Dr. Mahathir Muhammad, Prime Minister of Malaysia (Ahmed, n. d.), said: "In our desire to move vigorously ahead, nothing is more important than the development of human resources....It is blindingly clear that the most important resource of any nation must be talents, skills, creativity, and will of its people." Ajarimah (2001) stated that the "implications of this shift from physical to human resources have far reaching effects for national and local leadership" and that "leaders at all levels, in all organizations, need to put human resources at the heart of their strategic planning and day-to-day operations" (p. 16). In fact, government five-year plans in several Islamic states have explicitly called for upgrading the knowledge and skills of the labor force, promotion of managerial competence and initiatives, and other HRD issues. Likewise, large companies, like Saudi Aramco, the major Saudi oil company and one of the biggest in the world, allocate large portions of their annual budgets to the training and development of their human assets.

Islamic Work-Related Values

Nobody can deny the effect of values, beliefs, and norms on the individual's work and management style. Since Islam is very influential in the daily practices of its followers, it can be taken as a framework for HRD. The following work-related issues can be found as characteristic of Islam:

- Equality before God. Islam promotes the concept that all people are equal and the off-spring of the first couple, Adam and Eve: "O mankind! We created you from a single (pair) of a male and a female, and made you into nations and tribes, that ye may know each other..."(*Holy Quran*: al-Hujurat 49:13).

- Solidarity and unity of the group, whether at work or in society; Al Bukhari narrated the Prophet's saying, "You see the believers as regards their being merciful among themselves and showing love among themselves and being kind, resembling one body, so that, if any part of the body is not well, then the whole body shares the sleeplessness (insomnia) and fever with it" (Saheeh Al Bukhari: Volume 8, Book 73, Number 40).
- Overall change in organizations is not possible unless it is intrinsic and self driven: "...Verily never will Allah change the condition of a people until they change it themselves (with their own souls)..." (Holy Quran: The Thunder: 13:11).
- Wrong discretionary decisions are rewarded, not punished. Moslems believe that, if one is confronted with a situation where a person has to make a decision and makes the right one, then there will be two rewards: once for making the decision and another for being right; otherwise, the person will still be rewarded for trying. This encourages people to act on their initiative.
- Learning (self-development) is an ongoing process and mandatory. Each Moslem is asked to seek knowledge from cradle to tomb and to seek even in China, the farthest place for the early Moslems.
- Individual accountability, according to Ajarimah (2001), falls under the concept of itqan, which translates as high quality or perfection. He argued that "Islamic culture teaches that 'itqan' is to be pursued in every action taken without any exception" and that "in some modern-day business operations this term is used synonymously with total quality management (TQM)" (p. 10).
- Encouragement of consultation (Shoura) at all levels of decision making emerges from the Prophet being ordered to consult with his followers on every affair in the Quran. "Pass over (their faults), and ask (Allah's) forgiveness for them; and consult them in the affairs" (*Holy Quran*: Al-Imran 3:159). Furthermore, the believers are described as "... those who answer the Call of their Lord and perform As-Salat (prayers), and who (conduct) their affairs by mutual consultation" (*Holy Quran*: Ash-Shûra: 42:38).
- Individual responsibility within a framework of cooperation with others supports the value of teamwork as an engine of survival and prosperity. Ajarimah (2001) stated that "many verses in the holy Quran admonish the faithful to work together and in harmony while assuming their individual responsibility with due consideration given to accountability as well" (p. 10).
- Kind treatment of subordinates with family-like relationships with them.
- Fatalism but with individual responsibility. Moslems believe that their fate is in the hands of their Creator. They are ordered to address all possible causes and take all precautions when performing a task, but when something happens that is outside one's control, it is attributed to fate.
- Commitments to honor, honesty, respect for parents and older persons, loyalty to one's primary group, hospitality, and generosity are held deeply by a majority of the population (Ali, 1996).
- Responsibility for others is supported by the Prophet, who stated that each one is a (shepherd) who is accountable in front of God for whatever he or she supervises.

Sherif (Tayeb, 2000) identified nobility, patience, self-discipline, good appearance, abstinence, resolve, sincerity, truthfulness, servitude, and trust as major Islamic values, but he provided no implications for the workplace. In addition, Endot (Tayeb, 2000) identified 11 major values of Islam that lead to a "respectable nation": trustworthiness, responsibility, sincerity, discipline, dedication, diligence, cleanliness, co-operation, good conduct, gratefulness, and moderation. These values have consequences for organizations and are incorporated by the Malaysian government as part of its Islamization policy.

Islamic work values prevail on the micro and macro levels. Certain organizations in Malaysia are reported to have placed a great emphasis on worship. In one company, Endot (Tayeb, 2000) found that "management urged their subordinates to understand that they were accountable for their work not only to the organization, but to God (Allah), and that their work was considered by Islam as a form of worship of God." This implication has tremendous potential effect on the individual's conduct at work. There is a stereotype that the work ethic is weak in countries where Islam dominates. Unfortunately, this is true of many Moslems who underwent a kind of westernization process or those who have been exposed to other cultures.

Implications for HRD

Opponents of globalization are pretty sure that this process with its merits and defects cannot be stopped as it has become inevitable. We cannot stop the internet and throw the satellite dishes off the roofs of all the people. Thus, HRD practitioners in the Islamic world have a role to play in helping their people absorb globalization and benefit from it. One major role would be to create learning organizations. Related to this is the task of changing the type of training that is still dominant in the region. Globalization requires systematic, not haphazard, on-the-job training and

self-development to provide highly skilled workers. Bakkar (2000) argued that Moslems can never develop their countries unless they encourage scientific research, which requires a major change in curricula and delivery methods at schools, hence a major change in the education system. Workers, supervisors, and managers should receive training to prepare them for thinking and acting globally. Encouraging global mindsets is necessary not only for strategic planning, but also for training that enables workers to deal with other workers from other countries.

Based on the work values discussed above, the following implications can be useful for global companies that plan to do business in the Islamic world, especially for their HRD professionals:

- Hiring employees who strongly support the IWE means hiring employees who believe in hard work, cooperation and competitiveness in the workplace, meeting deadlines, and justice and generosity in the workplace.
- Understanding managerial values will help organizations in assigning the right person to the right managerial role. When there is an alignment between managers' and organizational values, there will be a greater chance for organizational goal attainment and success.
- Having similar value systems allows people to work more harmoniously and be more satisfied with their jobs. HRD will need to develop similar values in their employees (Hunt & At-Twaijri, 1996).
- Developing managers with global value systems and mindsets is critical as more companies in Islamic countries move to become global. This involves strategic thinking on a global level with regard to markets, resources, and clients. Such companies should change the role of their HRD officers to be more strategic in creating a process for development of their human assets. Workers need to be intrinsically receptive to change.
- Planning proactively to be ready to deal with complexity and ambiguity, which are characteristic of the global marketplace, is essential.
- Constantly learning requires the use of all available resources. Self-development and learning, especially of soft skills, should be incorporated into work processes using coaches when necessary. Lifelong learning and self-development can be encouraged not only as a requirement for job survival, but also as religious fulfillment.
- Developing the ability to work in environments where hierarchy is dissolving supports teamwork.
- Developing skills in forming virtual teams via e-mail, phones or videoconferencing is important.
- Taking charge of developing core competencies will help define the companies themselves. These competencies may change according to the emerging needs in the changing global market.
- Making on-the-spot business decisions without having to wait for instructions from headquarters will assist in meeting the challenge of short cycle times imposed by global competition and fast technology. This requires that empowerment, decision making, risk taking, and innovation be embedded in the work processes, keeping in mind that Moslems expect to be rewarded even for making the wrong decision.
- Working with solidarity in mind clearly implies a shift from task-based to process-oriented training. It also requires training in common team skills and systems thinking.
- Establishing incentives for high achievers through special recognition and reward programs will retain such employees.
- Continually developing workers to be multi-skilled, re-skilled, and even become teachers who are ready to teach and certify other employees in a learning organization setting.
- Freely and easily communicating with anyone throughout the company is supported by Moslem values.
- Inspiring workers by finding ways to retain intellectual capital.
- Developing employee multilingual capability will meet the growing demand for an international language. While English dominates international business and technology, Arabic is an option for gloablizing within Moslem countries, such as Malaysia, Pakistan, Saudi Arabia, Jordan, Bangladesh, etc.
- Addressing the loss of skills from retiring employees has become critical as many retirees who have accumulated wisdom are forced to leave their jobs to open vacancies for young ones.

In addition, Ali (1996) suggested that strong commitment to the IWE has the following implications for OD practitioners:

- First, emphasis on hard work, meeting deadlines, and persistence in securing work supports establishment of a timetable and the clarification of goals and responsibilities are essential for carrying out successful change interventions. In a culture where saving face is important, meeting OD goals takes on an added value.
- Second, work is viewed not as an end in itself but as a means of fostering personal growth and social relationships. In this context, group interactions and team activities, if designed appropriately, could result in the optimal facilitation of intended changes. Moslems tend to have very good relationships, and social links after work can be fostered and utilized for the benefit of the job.
- Third, dedication to work and creativity are seen as virtues. OD practitioners should utilize these values in their interventions.

- Fourth, justice and generosity in the workplace are necessary conditions for society's welfare. This has three implications:
    1. The OD practitioner must show that he/she is attentive to and concerned about human needs.
    2. Social skills and effective public relations are essential to the success of a change intervention. Once commitment is obtained, there will be smooth implementation.
    3. Goals for change should be directed towards serving the community or the society as a whole. OD practitioners should demonstrate the fruits of the results to both the organization and the society. (See also McLean & McLean, 2001, for more on the role of HRD in community or society building.)
- Finally, the IWE places more emphasis on intention than on results. Thus, the OD practitioner should articulate change goals and make sure that personal interests are not pursued at the expense of the group or community. This point is consistent with a core OD value favoring a procee orientation over a results orientation.

HRD professionals who work for global companies will face difficult ethical questions. Should one work for an organization that makes money by paying low wages in a developing country, takes advantage of low labor costs and few labor laws (e.g., health and safety, child protection, etc.), or ignores the environment? Should one choose to work from within the organization, hoping to influence the organization to improve its treatment of employees, or should one choose to resign in protest (knowing that the organization will continue regardless and probably without change)?

HRD's role in answering these questions can by found in McLean (2001) who suggested that HRD can support globalization while working to minimize exploitation. He stated that,

> given the value systems that exist within HRD, and in OD in particular, HRD professionals can serve as a conscience to an organization that does not understand the implications of exploitative actions. This does not insure that such activities will not take place, but it does help to know that someone does have the ethical task. (p. 360)

Recommendations and Conclusion

Globalization is not a temporary phase, and its effects and consequences are going to last forever. In addition, the impact of globalization on nations is not the same; it varies from nation to nation. Europeans, for example, may benefit from globalization because they share many of the same roots, values, and opportunities as U.S. Americans, while the gap between the Islamic culture and that of U.S. Americans is vast.

This review cries for the collection of empirical data, both quantitative and qualitative. How do Moslems in various country cultures feel about the issues related to globalization? How do these views differ from views held by those from other religious backgrounds and from other countries? Do religious and country cultures affect how people feel about solutions to the concerns about globalization? Such research will add considerably to the debate presented here.

Opposition to globalization is not unique to Moslems. Yet, Islamic companies should go global to find a place under the sun. Moslems possess the ethics and values that can influence the globe as they did a few centuries ago. Concerns of those who oppose globalization should be respected, but implications to sail with the tide–not against it–are to be encouraged. Finally, the interesting paradox of globalization is that this paper could not have been written had there been no access to the many useful articles on the web, as is obvious from the references, and the ease with which the authors could share drafts through the internet.

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